

## Message Text

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FM SECSTATE WASHDC  
TO AMEMBASSY TOKYO  
INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS  
AMEMBASSY SUVA

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E.O. 11652: N/A

TAGS: PGOV, EGEN, MARR, JA, US

SUBJECT: WEEKLY STATUS REPORT - JAPAN, JULY 27, 1978

TO: EA - MR. HOLBROOK

FROM: EA/J - RICHARD KILPATRICK, ACTING

1. ASSISTANT SECRETARIES MEETING, JULY 17 (LOU)

FOLLOWING THE DISCUSSION OF THE ASSISTANT SECRETARIES,  
WE WILL SOON SEND A TELEGRAM TO EMBASSY TOKYO TO PROPOSE  
FORMALLY THAT WE HOLD A SUB-CABINET MEETING IN WASHINGTON  
IN SEPTEMBER. WE WILL ALSO PROVIDE A SUMMARY OF THE  
ASSISTANT SECRETARIES MEETING.

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2. YEN SLICES THROUGH 200 BARRIER; NEW CALLS FOR STIMULUS  
(UNCLASSIFIED)

YEN BREAKTHROUGH TO 200 AND MOVEON TO 194.50 DOMINATED  
TOKYO HEADLINES. MOST REACTION WAS MEASURED, BUT THERE  
WERE RENEWED CALLS FOR STRONG, EARLY FISCAL MEASURES.

CHAIRMAN DOKO OF KEIDANREN (FEDERATION OF ECONOMIC ORGANIZATIONS) MET PRIME MINISTER FUKUDA TUESDAY, JULY 25, AND REPORTEDLY ASKED FOR A STIMULUS PACKAGE PRODUCING ADDITIONAL DEMAND OF 3 TRILLION YEN. NAGANO, PRESIDENT OF JAPAN CHAMBER OF COMMERCE, PROPOSED A 2 TRILLION YEN TAX CUT. MITI MINISTER KOMOTO REPORTEDLY TOLD PRESS THAT SUPPLEMENTAL BUDGET SHOULD SUBSTANTIALLY EXCEED FINANCE MINISTER MURAYAMA'S SUGGESTED 1 TRILLION YEN FIGURE.

3. JOE CHRISTIANO, NEW COMMERCIAL COUNSELOR IN TOKYO  
(UNCLASSIFIED)

JOE CHRISTIANO ENDED HIS WASHINGTON CONSULTATIONS BY MEETING WITH SENATOR JAVITS AND CONGRESSMEN JONES (D-OKLA), MIKVA (D-ILL), AND MINETA (D-CALIF) TO GET A FEEL FOR CONGRESSIONAL SENTIMENT BEFORE GOING TO TOKYO TO TAKE OVER AS COMMERCIAL COUNSELOR. SENATOR JAVITS REMAINS CONCERNED ABOUT THE JAPANESE SURPLUS. CONGRESSMEN JONES, CHAIRMAN OF THE "JAPAN TASK FORCE" ON WAYS AND MEANS, SPOKE OF THE NEED FOR SOME SUCCESS STORIES. (JONES IS RECEIVING CONSIDERABLE PUBLICITY AS REP. ULLMAN'S HAND PICKED AUTHOR OF THE COMPROMISE TAX PLAN WHICH WAS JUST APPROVED BY WAYS AND MEANS.) MIKVA IS A MEMBER OF THE "JAPAN TASK FORCE". MINETA REPRESENTS AN AREA WHERE THERE IS A HEAVY CONCENTRATION OF ELECTRONIC FIRMS (AN AREA OF POSSIBLE FUTURE TRADE CONFLICTS) AND IS ATTUNED TO LIMITED OFFICIAL USE

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SENTIMENT TOWARD JAPAN.

JOE ALSO MET WITH A WIDE RANGE OF OFFICIALS IN THE EXECUTIVE BRANCH, INCLUDING FRANK WEIL AT COMMERCE, RIVERS, HEIMLICH AND BARREDA, AT STR, BILL BARRACLOUGH AT STATE AND JOHN RAY AT TREASURY. IN ADDITION, HE MET WITH CHAIRMAN PARKER AND STAFF OF THE INTERNATIONAL TRADE COMMISSION, WHERE MANY FIRMS HIT BY JAPANESE IMPORTS SEEK RELIEF. HE ALSO MET WITH ED WHEELER, PRESIDENT OF THE FERTILIZER INDUSTRY ASSOCIATION HERE IN WASHINGTON, TO DISCUSS A CASE NOW BEFORE THE TRADE FACILITATION COMMITTEE. FINALLY, HE PAID A COURTESY CALL ON JAPANESE MINISTER MASAGO AND COMMERCIAL COUNSELOR TANABE, WHICH SHOULD HELP GET HIM STARTED OFF ON THE RIGHT FOOT IN HIS CHALLENGING ASSIGNMENT IN TOKYO.

4. LDP DIETMEN MAKE PITCH ON CHINA (LOU)

ON JULY 21, ROGER SULLIVAN AND HARRY THAYER MET WITH TWO LDP MEMBERS OF THE DIET, FUJIO AND MACHIMURA, WHO EXPRESSED CONCERN ABOUT THE EFFECTS OF US-PRC NORMALIZATION ON TAIWAN. ROGER LISTENED POLITELY, REITERATED OUR POLICY

AND OUTLINED OUR CONCERN FOR THE WELL-BEING OF THE PEOPLE OF TAIWAN. YOU WILL RECALL THAT MEMBERS OF THE NAKAYAMA DIET DELEGATION MADE SIMILAR COMMENTS IN THEIR MEETING WITH YOU.

5. UNU (LOU)

AT STATE OF PLAY MEETING ON JULY 27, DR. HESTER DESCRIBED CAPITOL HILL REACTIONS TO UNU APPROPRIATIONS. OUTLOOK FOR HOUSE DEBATE, SCHEDULED FOR AUG 1 AND 2, LOOKS UNFAVORABLE. ASST. SECRETARY MAYNES WILL BE IN TOKYO WEEK OF JULY 31 FOR PRE-UNGA BILATERAL MEETINGS. PROSPECTS FOR US CONTRIBUTION TO UNU IS NOT ON THE AGENDA FOR HIS DISCUSSIONS BUT WILL UNDOUBTEDLY COME UP.  
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6. IMPORT SURCHARGES RAISED AGAIN BY CONGRESS (UNCLAS)

ON WEDNESDAY, CHAIRMAN VANIK (D-OHIO) AND OTHER LEADING MEMBERS OF WAYS AND MEANS SUBCOMMITTEE ON TRADE SENT A LETTER ASKING PRESIDENT CARTER TO CONSIDER IMPOSING AN IMPORT SURCHARGE TO HELP IMPROVE THE US BALANCE OF PAYMENTS AND DEFEND THE DOLLAR. SEN. RUSSELL LONG (D-LA), SENATE FINANCE COMMITTEE CHAIRMAN, SAID AT NATIONAL PRESS CLUB THE SAME DAY THAT IMPORT SURCHARGES MAY BE NECESSARY.  
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